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SUBJECT: TURKEY: GUL FOCUSES ON BUSINESS, ARAB LEAGUE IN CAIRO

Classified By: PolCouns Janice G. Weiner for reasons 1.4 (b) and (d)

¶1. (C) President Abdullah Gul's January 14-16 visit to Egypt was successful and primarily focused on enhancing the bilateral economic relationship, according to MFA Levant Desk Officer Murat Omeroglu. In addition to his meetings with Egyptian President Hosni Mubarak, PM Ahmed Nazif, FM Ahmed Aboul Gheit, and the speakers of the Egyptian Upper and Lower Houses, Gul spoke with Arab League Secretary General Amr Moussa. The Turkish delegation included Finance Minister Kemal Unakitan, MFA Deputy U/S for the Americas and Maritime and Aviation Haydar Berk, MFA Deputy U/S for the Middle East Feridun Sinirlioglu, and roughly 150 Turkish businessmen.

¶2. (C) President Gul met one-on-one with President Mubarak on January 15. Omeroglu said information regarding the meeting is being kept close hold at the highest levels, but speculated the two leaders addressed the MEPP and maritime jurisdiction issues related to undersea border demarcation around Cyprus. With PM Nazif and FM Gheit, Gul almost exclusively discussed enhancing the bilateral economic relationship, including opening the Egyptian market to Turkish banks and the possibility of Turkish businesses using Egyptian ports for transiting purposes and shipping companies instead of the prevalent Italian alternative. Although Gul commented to the Egyptian press that he would "not discuss the issue of maritime jurisdiction openly," Omeroglu confirmed President Gul encouraged FM Gheit not to pursue undersea border delineation talks with Greece concerning the area surrounding Cyprus. The lion's share of the conversations focused on completing the Arab Gas Pipeline. President Gul underscored the importance of the project and expressed hope that the section connecting Syria to Turkey would be completed soon. On the margins, GOT and GOE representatives signed an information sharing agreement between the Turkish Cooperation and Development Agency (TIKA) and the Egyptian Fund for Technical Cooperation in Africa.

¶3. (C) During his meeting with Amr Moussa, President Gul advocated for increased cooperation between Turkey and the Arab League. Omeroglu reported Gul urged Moussa to quickly establish the Turkey-Arab Forum called for in the MOU signed in November on the margins of the Iraq Neighbors Conference in Istanbul. Omeroglu noted the Arab League proposed the Turkey-Arab Forum as an alternative to Turkey's request for observer status. Additionally, President Gul expressed GOT support for the Arab League plan to resolve the Lebanese political crisis and encouraged Moussa to closely monitor events surrounding the impending Kirkuk referendum, as it would "have a greater impact on Arabs than Turkmen."

¶4. (C) On January 16, President Gul spoke at a ground breaking ceremony for a Turkish-backed industrial zone in the October 6 Industrial City located 30 kilometers west of Cairo. To be built on a 2 million square meter plot of land, the qualified industrial zone (QIZ) will house up to 125 companies and could result in up to USD 1.5 billion in

investment. Egyptian Embassy POLOFF Sherif Feif explained the GOE hopes that Turkish companies will establish state-of-the-art textile factories which could assist in reviving the declining Egyptian textiles sector and, in turn, benefit from the QIZ tax exemptions and less expensive labor.

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